

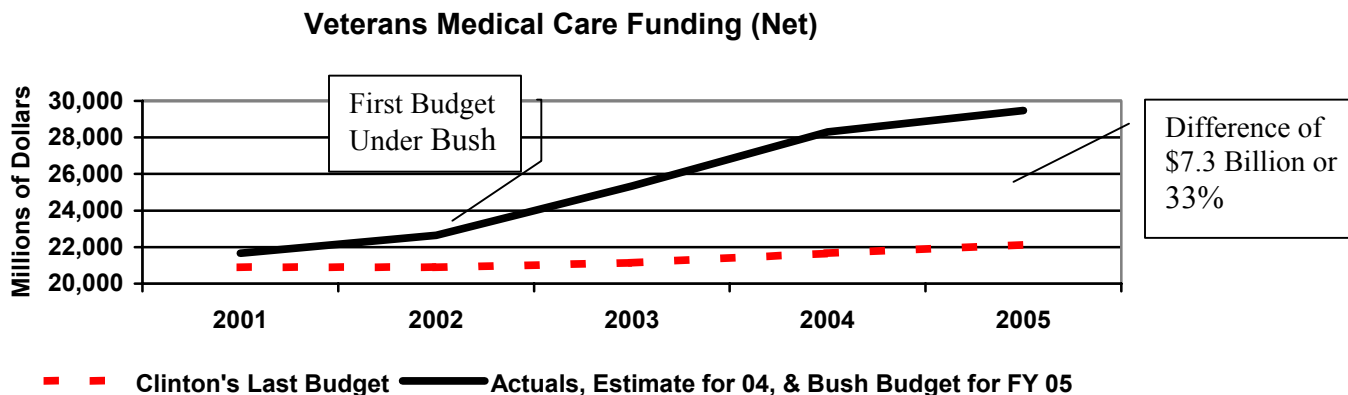
February 25, 2004

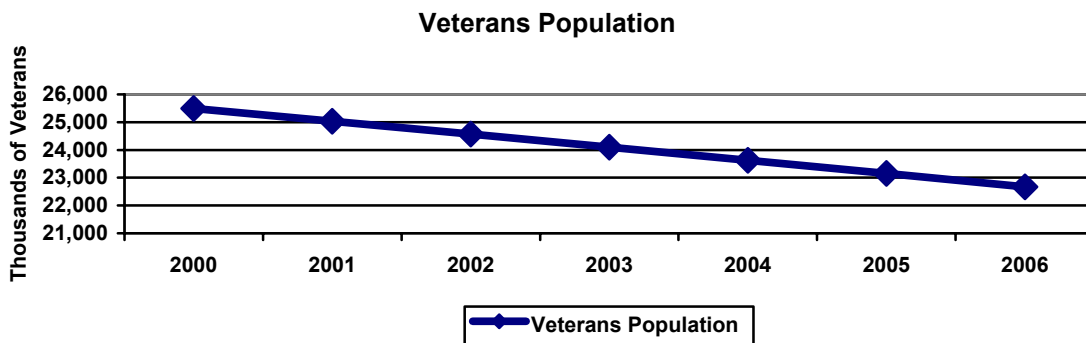
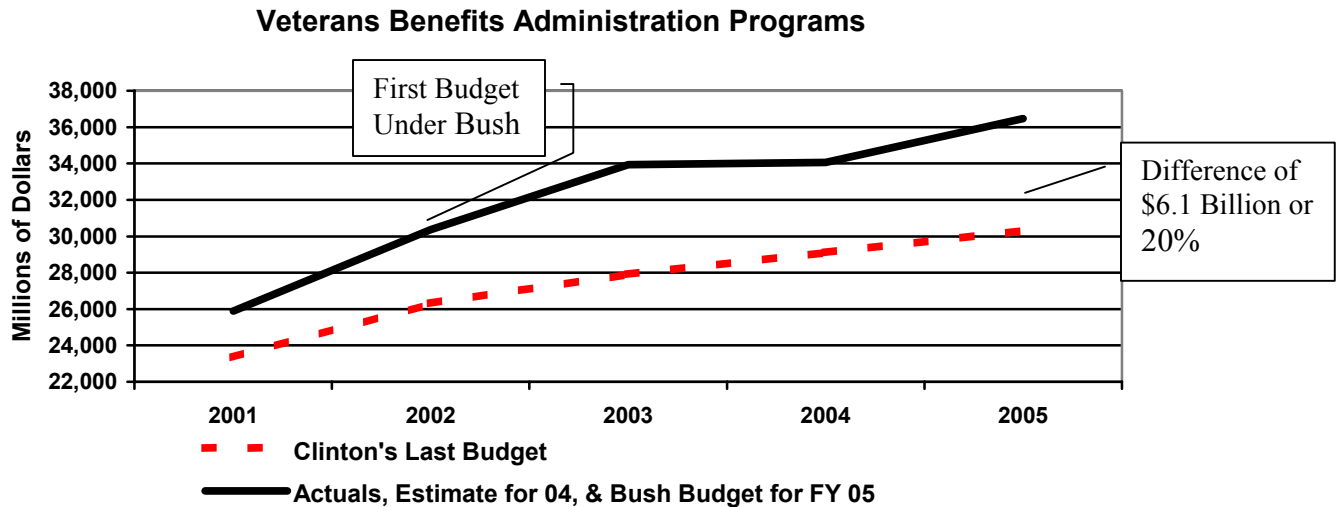
For Additional Information Contact: Neil Bradley, x6-9717

Background on Veterans Funding and the FY 2005 Budget

Significant Increases in Veterans Spending Since President Bush Took Office: Without counting collections from insurance companies and small user fees from veterans, the total 2005 VA budget is \$65.3 billion (\$29.7 billion in discretionary spending and \$35.6 billion in mandatory benefit entitlements) - representing **almost a 38% increase since President Bush took office. VA discretionary alone has increased by almost 33% between 2001 and 2005 - and medical care, which is more than 90 percent of this discretionary budget, has increased 34 percent.** (Source: OMB)

Comparing Clinton's Last budget With Actual Spending and Bush's Proposal: In his last Budget, President Clinton set out funding recommendations for Veterans programs through 2005. The funding actually approved in those years and funding proposed by President Bush for 2005 is significantly more than what was proposed by President Clinton. (Source: RSC Calculations based on OMB Data from FY 01 to FY 05 Budgets)





President Bush's Proposed Fee for Veterans Programs: In his FY 2005 Budget, President Bush proposes two new fees that would raise \$403 million in FY 2005 and \$2,227 million over the next five years. Specifically, the President proposes to establish an annual enrollment fee of \$250 and increased pharmaceutical co-payments of \$15 for Priority Level 7 and Priority Level 8 veterans (non-disabled, with income above the means test threshold – income / net worth of \$25,163 for a veteran with no dependents rising to \$36,950 for a veteran with five dependents). According to the Administration, this proposal “will allow the Department of Veterans Affairs to refocus the medical care system on caring for its core population—veterans with special needs, service-connected disabilities, and lower incomes.” (*Source: President's Budget and the VA*)

Prioritizing Funding for Veterans Programs Without Increasing Overall Spending: In the past when Members have sought to increase funding for Veterans programs in the VA / HUD Appropriations bill by reducing funding for other lower priority programs, some Veterans Organizations have declined to support such amendments stating that they have a general policy of not advocating reducing funding for other programs even if it would benefit veterans. Some Members may wish to seek assurances that Veterans Organizations would indeed endorse reducing funding for other programs if they desire to see additional increases for veterans.